

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
FOREST VIEW ACRES WATER DISTRICT
AND THE BOARD OF DIRECTORS OF THE
WATER ACTIVITY ENTERPRISE
HELD
JUNE 22, 2006

A regular meeting of the Board of Directors of the Forest View Acres Water District and the Board of Directors of the Water Activity Enterprise (referred to hereafter as "Board") was held on Thursday, the 22nd day of June, 2006, at 5:30 P.M. at the Tri Lakes Fire Department, Station No. 1, 18650 Highway 105, Monument, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:
Barbara Reed-Polatty, Chairman
Eckehart Zimmermann
Kajetan Nowacki
Richard Crocker
Jeff Walker

Also In Attendance Were:
Lisa Johnson and Deborah D. McCoy; Special District Management Services, Inc.

Dan LaFontaine; Operations Manager

Paul C. Rufien, Esq.; Paul C. Rufien, P.C.

Mike Bacon; Community Solutions, Inc.

See attached list for others in attendance.

ADMINISTRATIVE MATTERS

Agenda: Ms. Johnson distributed for the Board's review and approval a proposed Agenda for the District's Regular Meeting. Following discussion, upon motion duly made by Director Crocker, seconded by Director Nowacki and, upon vote, unanimously carried, the Agenda was approved, as amended.

RECORD OF PROCEEDINGS

Minutes: The Board reviewed the minutes of the May 25, 2006 regular meeting. Following discussion, upon motion duly made by Director Nowacki, seconded by Director Crocker and, upon vote, unanimously carried, the Board approved the minutes of the May 25, 2006 regular meeting.

Appointment of Officers: Following discussion, upon motion duly made by Director Crocker, seconded by Director Walker and, upon vote, unanimously carried, the following officers were appointed:

Barbara Reed-Polatty	President
Eckehart "Eck" Zimmermann	Treasurer
Kajetan "Ketch" Nowacki	Assistant Secretary
Richard Theodore Crocker	Assistant Secretary
Jeff Walker	Assistant Secretary
Lisa Johnson	Secretary

Public comments on agenda items: No comments were made at this time.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending June 22, 2006, totaling \$7,752.54.

Following discussion, upon motion duly made by Director Nowacki, seconded by Director Zimmermann, and upon vote, unanimously carried, the Board approved payment of claims for the period ending June 22, 2006, totaling \$7,752.54, as presented.

Financial Statements: The Board reviewed the unaudited financial statements of the District setting forth the cash deposits, investments, budget analysis, and accounts payable vouchers for the period ending May 31, 2006. Following review, upon motion duly made by Director Reed-Polatty, seconded by Director Zimmermann and, upon vote, unanimously carried, the unaudited financial statements were accepted as presented.

2005 Audit: An extension may need to be requested

RECORD OF PROCEEDINGS

since the information regarding the District's water rights has not been released to the Auditor. Discussion was deferred.

ColoTrust: Ms. McCoy recommended the Board consider opening an account with COLOTRUST. COLOTRUST is a money market investment tool for local governments. The benefits are that the interest rate on the investment is set with U. S. Treasuries and is higher than we are receiving through the checking account. The funds are available with 24 hours notice.

Following discussion, upon motion duly made by Director Crocker, seconded by Director Zimmermann and, upon vote, unanimously carried, the Board adopted the Resolution and authorized opening an account with ColoTrust.

BILLING MATTERS Billing Report: The Board reviewed the Balances Due Report as of June 16, 2006.

The Board directed staff and counsel to proceed with placing liens on all past due accounts where disconnecting the water service is not an available option.

LEGAL MATTERS Red Rock Reserve development: It was reported that \$156,878.25 was received for the water tap fee.

Upon motion duly made by Director Reed-Polatty, seconded by Director Crocker and, upon vote, carried with Directors Reed-Polatty, Crocker, Zimmermann and Nowacki voting "Yes" and Director Walker abstaining, the Board determined to continue this meeting to Monday, June 26, 2006 at 3:00 p.m. at the offices of the District for discussion of the District engineer's comments.

Resignation of Independent Water Services: It was noted that the notice of termination was received in accordance with the terms of the contract.

RECORD OF PROCEEDINGS

Mr. LaFontaine presented the District Manager with ~~all~~^{most} records/log books requested in the cure letter. The Board requested the District Manager to coordinate interim operations. The Board will discuss how to proceed to fill the operator position at the June 26th continued meeting.

Statement of Purposes: The Board directed Attorney Rufien to prepare a Statement of Purposes for the Board's review at the next regular meeting.

Unger civil case: Attorney Rufien reported that a plea bargain was entered into in the criminal case. The terms were as follows, Ms. Unger will:

- serve a 6-month jail sentence
- pay \$300,000 to the District
- be under probation for six years
- write a letter of apology
- return all District records in her possession

Attorney Rufien reported that this constitutes full settlement. Ms. Unger paid \$300,000 on June 22, 2006. The sentencing hearing is scheduled for July 7, 2006.

Disposition of settlement funds: The Board discussed paying all past due accounts and replenishing the bond reserve account. The Board determined to continue this discussion at a continued meeting to be held on Monday, June 26, 2006 at 3:00 p.m. at the offices of the District.

Contractual oversight/due diligence/fiduciary responsibility: Director Walker commented on emails circulating about management of contracts. He asked that if anyone wants to discuss his past actions as a board member, they can contact him.

The Board discussed philosophy of contractual compliance.

Mr. LaFontaine responded that he felt the cure letter given to him was very cold. He was disappointed that he received no response to his email response other than there was a meeting

RECORD OF PROCEEDINGS

scheduled to discuss the cure letter.

Mr. LaFontaine feels that his company is too small to provide services to the District. The new contract had more obligations than the old one. He felt that the District was moving in a different direction than he is.

Red Rock Ranch HOA ("HOA") Agreement for Water Service: Michael Duncan with the HOA reported that the HOA is requesting a meter be set before securing all water sources in order to irrigate newly installed trees. The Agreement states that the HOA will secure all water sources prior to the installation of a meter with a locking device.

The Board directed Mr. LaFontaine to provide a meter to the HOA and to work with them to secure the water source with a locking device.

ELECTION

Election process: Ms McCoy reported that the next step in the election process is to finalize the ballot questions, prepare a Question and Answer information document and schedule the public education workshops. The Board decided to schedule two public education workshops to be held at the end of the regular board meetings in July and August. They also decided to schedule a third public education meeting, date to be determined.

Engagement of Sherman & Howard, LLC as bond counsel: Ms. Johnson distributed the Letter of Engagement of Sherman & Howard as the District bond counsel. The Board request additional time to review the letter and deferred discussion to the continued meeting to be held on Monday, June 26th.

OPERATIONS REPORT

Water Operator report: Mr. LaFontaine distributed and reviewed the Operational Report and the Production Report for May 2006.

Clean-up at booster station. Mr. LaFontaine

RECORD OF PROCEEDINGS

requested approval from the Board to ask a contractor to remove spoils and other waste located at the booster station. He suggested offering the spoiled pipe free to residents to reduce the amount of waste. The Board directed the District Manager to contact the contractor for Red Rock Reserve and ask if they would be willing to remove the waste as part of their development.

Pixie Park water tap application: Director Walker commented that a tap application was submitted for Lot O in Pixie Park and the District Manager approved the application without Board approval. He said the Rules and Regulations require Board approval. Ms. Johnson commented that the Rules and Regulations provided a procedure to follow in reviewing tap applications and that procedure was followed. It was then determined that the water tap application has language in it referring to Board approval.

The Board directed staff to follow the procedures outlined in the Rules and Regulations and no formal Board approval is needed on water tap applications requested within the District boundaries.

OTHER BUSINESS

Public comments: Jeff Dull-asked how to obtain copies of the minutes.

EXECUTIVE SESSION MATTERS

Wilde property water service: EXECUTIVE SESSION: Pursuant to §24-6-402(4)(b), C.R.S., Director Reed-Polatty moved that the regular public meeting of the Board adjourn and, upon an affirmative vote of at least two-thirds of the quorum present, that the Board reconvene in Executive Session for the purposes of determining positions relative to matters that may be subject to negotiations; developing strategy for negotiations; and instructing negotiators as authorized by § 24-6-402(4)(e), C.R.S. and receiving from the Board's attorney legal advice on specific legal questions as authorized by § 24-6-402(4)(b).

Furthermore, pursuant to §24-6-402(2)(d.5)(II)(B),

RECORD OF PROCEEDINGS

C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's counsel, constitutes privileged attorney-client communication pursuant to §24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 8:50 p.m.

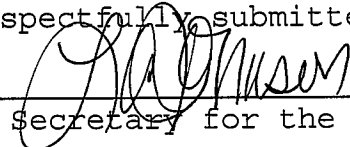
Wells Fargo: Attorney Rufien reported that there has been no change.

ADJOURNMENT


There being no further business to come before the Board at this time, upon motion duly made and seconded and, upon vote, unanimously carried the meeting was continued to Monday, June 26, 2006 at 3:00 p.m. at the offices of the District, 141 Union Boulevard, Suite 150, Lakewood, Colorado.


Respectfully submitted,

By


Secretary for the Meeting

THESE MINUTES APPROVED AS THE OFFICIAL JUNE 22, 2006 MINUTES OF THE FOREST VIEW ACRES WATER DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

 07-27-06
Barbara Reed-Polatty


Eckehart Zimmermann

Kajetan Nowacki


Richard Crocker

Jeff Walker

Please **print** your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
R. Albert Moore	3855 Sierra Vista Rd.	gilmoore12@aol.com	
Phyllis N. Moore	"	"	
Michael Dumas	368 El Lanko Way	msdumas@adelphia.net	{ water for homeowners land scaping }
Kathleen Foley	3615 El Rancho Way	Monttrent	
Genelle Davenport	3745 El Rancho Way	genelled@adelphia.net	- What is total indebtedness - what are major accounts owed on?
Jeff Dull	3745 El Rancho Way	jeff@adelphia.net	Wells Fargo Bank Suit
Susan Gates	18235 Sunburst Drive Monument, CO	719-487-7604 (719)	Residential ✓
John Hefser	OCN PO Box 1742 80132	488-3455	none
FREDRICK MALMSTROM	18235 Sunburst Drive MONUMENT, CO	719-487-6686	NIL